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MICROSOFT CORPORATION

v.

YONG WAI HONG

B

COURT OF APPEAL, PUTRAJAYA
GOPAL SRI RAM JCA
RAUS SHARIF JCA
ZAINUN ALI JCA
[CIVIL APPEAL NO: W-02-1057-2003]

C

7 APRIL 2008

CIVIL PROCEDURE: *Summary judgment - Infringement of copyright - Injunctive relief on summons for final judgment - Unconditional leave to defend - Ownership of copyright and trade marks - Documentary*

D

evidence - Delay - Perpetual injunction - Whether there were bona fide triable issues

CIVIL PROCEDURE: *Injunction - Infringement of copyright - Summary judgment - Injunctive relief on summons for final judgment - Unconditional leave to defend - Ownership of copyright and trade marks*

E

- Documentary evidence - Delay - Perpetual injunction - Whether there were bona fide triable issues

COPYRIGHT: *Infringement - Computer software - Summary judgment - Injunction - Unconditional leave to defend - Ownership of copyright -*

F

Triable issues - Copyright Act 1987, s. 42(1)

TRADE MARKS: *Infringement of - Ownership of trade mark - Summary judgment - Injunction - Certificates of registration and their renewal - Trade Marks Act 1976, ss. 36, 37*

G

This was an appeal against an order of the High Court dismissing the appellant's summons for judgment and granting the respondent unconditional leave to defend the relevant action. The appellant asserted ownership of certain computer software programs and

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trade marks against the respondent and two private limited companies (the first and second defendants in the court below). In response to the appellant's claim for injunctive relief on a summons for final judgment, the respondent contended that: (i) the appellant was not the owner of the copyright of the

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intellectual property in question; (ii) he did not infringe nor was he involved in any infringement of the appellant's intellectual property by the first and second defendants as he had no connection with either company; (iii) the appellant was guilty of

delay in moving for summary judgment; and (iv) a perpetual injunction ought not to be granted on a summons for judgment. Relying on the foregoing points as *bona fide* triable issues, the respondent argued that he was entitled to unconditional leave to defend the action. The judge agreed with him and dismissed the appellant's summons, resulting in the present appeal.

Held (allowing the appeal)
Per Gopal Sri Ram JCA delivering the judgment of the court:

(1) With respect to the issue of ownership of the copyright in the property in question, the appellant filed an affidavit that complied with s. 42(1) of the Copyright Act 1987. The effect of that was to provide *prima facie* evidence of the fact of the appellant's ownership of the copyright over the several works in question. It was then for the respondent to offer positive evidence to displace the appellant's *prima facie* ownership, which he did not do. As such, no triable issue was raised before the judge as to ownership of the copyright over the relevant works. As for the trade mark claim, the appellant produced the relevant certificates of registration and their renewal. By virtue of ss. 36 and 37 of the Trade Marks Act 1976, the certificates of registration established the appellant's ownership of the trade marks and it was for the respondent to rebut this. However, the respondent had not done this anywhere in his pleadings or written or other evidence. Hence, there was no question of any doubt being cast upon the appellant's ownership of the trade marks in question. (para 6)

(2) As regards the issue of the respondent's involvement, there was, on the facts, irrefutable documentary evidence showing that the respondent was involved with the first and second defendants in the making of stampers and other activity that was directed at the infringement of the appellant's copyright. The facts also showed that the respondent's acts lent support to the appellant's assertion that the respondent was the mastermind in acts of copyright piracy against the appellant's intellectual property. (para 7)

(3) In regard to the appellant's alleged delay in making its application for summary judgment, the relevant chronology was that the appellant delivered its statement of claim on 13 March

2001; it took out its summons for judgment on 15 June 2001, which was the date on which the respondent delivered his defence. So, the short answer was that there was no unreasonable delay. In any event, delay in moving for summary judgment is not a ground for refusing relief. (para 8)

(4) The fourth ground of objection raised by the respondent – that a perpetual injunction ought not to be granted on a summons for judgment – was readily met by authority to the contrary. Based on the decisions in *Shell-Mex and BP Ltd v. Manchester Garages*, *Fabrique Ebel Societe Anonyme v. Syarikat Perniagaan Tukang Jam City Port & Ors* and *Binariang Communications Sdn Bhd v. I&P Inderawasih Jaya Sdn Bhd*, there was no merit in this ground of resistance offered by the respondent to the appellant's summons. (para 9)

(5) In the present instance, the bare assertions made in the respondent's affidavit filed in opposition to the summons for judgment were insufficient to raise a triable issue warranting the grant of leave to defend. There was also an added factor. The respondent's assertions in his affidavit were contradicted by independent documentary evidence, demonstrating a want of *bona fides* in the points raised by him as constituting triable issues. These were matters that were plainly overlooked by the High Court when it dismissed the appellant's summons. (paras 10 & 11)

Bahasa Malaysia *Translation Of Headnotes*

Ini ialah rayuan menentang sesuatu perintah Mahkamah yang telah menolak saman untuk penghakiman perayu dan memberi responden kebenaran tanpa syarat untuk menentang tindakan relevan. Perayu menegaskan pemilikannya terhadap beberapa perisian program komputer dan cap dagang tertentu terhadap responden dan dua syarikat persendirian (defendan-defendan pertama dan kedua di mahkamah bawahan). Sebagai respons kepada tuntutan perayu bagi relif injunktif ke atas sesuatu saman untuk penghakiman muktamad, responden menghujah bahawa: (i) perayu bukan pemilik hakcipta harta intelektual yang berkaitan; (ii) beliau tidak melanggar atau pun tidak terlibat dalam apa-apa pelanggaran harta intelektual perayu oleh defendan-defendan pertama dan kedua kerana beliau tidak ada apa-apa kaitan dengan mana-mana satu syarikat; (iii) perayu bersalah disebabkan kelewatannya memohon penghakiman

terus; dan (iv) sesuatu injunksi berkekalan tidak sepatutnya dibenarkan berdasarkan sesuatu saman untuk penghakiman. Bergantung kepada hujahan-hujahan di atas sebagai isu-isu *bona fide* yang seharusnya dibicara, responden berkata bahawa beliau berhak diberikan kebenaran tanpa syarat untuk menentang tindakan tersebut. Hakim bersetuju dengannya dan menolak saman perayu, mengakibatkan rayuan ini.

Diputuskan (membenarkan rayuan)
Oleh Gopal Sri Ram HMR menyampaikan penghakiman mahkamah:

(1) Berkenaan dengan isu pemilikan hakcipta harta tersebut, perayu telah memfail afidavit yang mematuhi s. 42(1) Akta Hakcipta 1987. Akibatnya ialah untuk menunjukkan keterangan *prima facie* fakta pemilikan oleh perayu ke atas hakcipta barang-barang tersebut. Responden kemudian perlu menyediakan keterangan positif yang boleh menggantikan pemilikan *prima facie* oleh perayu, yang mana tidak dibuat oleh defendan. Oleh itu, tidak ada isu yang perlu dibicara yang dibangkitkan di hadapan hakim mengenai pemilikan hakcipta barang-barang yang relevan. Tentang tuntutan cap dagang tersebut, perayu mengemukakan sijil-sijil pendaftaran yang relevan dan pembaharuannya. Mengikut ss. 36 and 37 Akta Cap Dagang 1976, sijil-sijil pendaftaran membuktikan pemilikan cap dagang tersebut oleh perayu dan responden perlu mematahkannya. Walau bagaimanapun, responden tidak berbuat sebegitu mana-mana di dalam pliding atau pun keterangan bertulis atau keterangan lain. Oleh itu, tidak ada apa-apa keraguan dikenakan ke atas pemilikan cap dagang tersebut oleh perayu.

(2) Tentang isu penglibatan responden, terdapat, di atas fakta-fakta, keterangan dokumentar yang tidak dapat disangkal yang menunjukkan bahawa responden terlibat dengan defendan pertama dan kedua di dalam pembuatan cap-cap dan aktiviti lain yang bertujuan melanggar hak cipta perayu. Fakta-fakta juga menunjukkan bahawa perbuatan-perbuatan responden menyokong pendakwaan perayu bahawa responden merupakan perancang di dalam perbuatan-perbuatan cetak rompak hak cipta terhadap harta intelektual perayu.

(3) Berkaitan dengan dakwaan tentang kelewatan perayu membuat permohonan untuk penghakiman terus, kronologi yang relevan ialah bahawa perayu telah menyampaikan pernyataan tuntutannya pada 13 Mac 2001; ia mengeluarkan saman untuk

penghakiman pada 15 Jun 2001, iaitu tarikh di mana responden menyediakan pembelaannya. Oleh itu, jawapan yang ringkas ialah tiada apa-apa kelewatan yang tidak munusabah. Dalam apa-apa keadaan pun, kelewatan untuk meminta penghakiman terus bukanlah alasan untuk tidak membenarkan relif.

(4) Alasan keempat yang dibangkitkan oleh responden – bahawa injunksi berkekalan tidak sepatutnya dibenarkan di atas saman untuk penghakiman – dengan senangnya disangkal oleh autoriti bertentangan. Berdasarkan keputusan-keputusan di dalam *Shell-Mex and BP Ltd v. Manchester Garages*, *Fabrique Ebel Societe Anonyme v. Syarikat Perniagaan Tukang Jam City Port & Ors* dan *Binariang Communications Sdn Bhd v. I&P Inderawasih Jaya Sdn Bhd*, tiada merit kepada alasan ini yang ditawarkan oleh responden untuk menentang saman perayu.

(5) Di dalam kes ini, pernyataan-pernyataan yang tidak disokong di dalam afidavit responden yang difailkan bagi menentang saman untuk penghakiman tersebut tidak cukup untuk membangkitkan isu yang perlu dibicara bagi mewajarkan kebenaran untuk membuat pembelaan. Terdapat juga sesuatu faktor tambahan. Pernyataan-pernyataan responden di dalam afidavitnya bercanggah dengan keterangan dokumentar berasingan, menunjukkan tiada *bona fides* di dalam isu-isu yang telah dibangkitkan olehnya sebagai isu-isu yang perlu dibicara. Ini merupakan perkara-perkara yang jelasnya telah terlepas perhatian Mahkamah Tinggi apabila ia menolak saman perayu.

Case(s) referred to:

Banque de Paris et Des Pays-Bas (Suisse) SA v. Costa de Naray [1984] 1 Lloyd's Rep 21 ***(refd)***

Binariang Communications Sdn Bhd v. I & P Inderawasih Jaya Sdn Bhd [2000] 3 CLJ 789 CA ***(foll)***

Fabrique Ebel Societe Anonyme v. Sykt Perniagaan Tukang Jam City Port & Ors [1989] 1 CLJ 919; [1989] 1 CLJ (Rep) 537 HC ***(foll)***

Lee Teng Siong v. Lee Kheng Lian & Ors [2006] 4 CLJ 443 CA ***(refd)***

Perkapalan Shamelin Jaya Sdn Bhd & Anor v. Alpine Bulk Transport New York [1998] 1 CLJ 424 CA ***(refd)***

Shell-Mex and BP Ltd v. Manchester Garages Ltd [1971] 1 All ER 841 ***(foll)***

Legislation referred to:

Copyright Act 1987, s. 42(1)

Rules of the High Court 1980, O. 29

Trade Marks Act 1976, ss. 36, 37

Rules of the Supreme Court [UK], O. 14

For the appellant - Darryl Goon (Raja Eileen Soraya with him); M/s Raja, Darryl & Goon
For the respondent - Jagjit Singh; M/s Jagjit Singh & Co

[Appeal from High Court, Kuala Lumpur; Civil Suit No: D5-22-389-2001]

Reported by Suresh Nathan

JUDGMENT

Gopal Sri Ram JCA:

[1] This appeal is directed against the order of the High Court dismissing the appellant's summons for judgment and granting the respondent unconditional leave to defend the action. It has been said often enough that this court should dissuade appeals in cases where the judge has decided that there are triable issues of fact. In this context I would merely quote what I said in *Lee Teng Siong v. Lee Kheng Lian & Ors* [2006] 4 CLJ 443, a statement to which I adhere:

> Now, let me say at once that it is the usual practice of this court to refuse to entertain appeals against the refusal of summary judgment. That practice was established in 1994 when this court was constituted. Once a judge has held that there are triable issues disclosed in the papers before him, we generally allow his view to prevail. For, upon such an appeal, we are only a court of review and it is not our function to trawl through the pleadings and scrutinise the affidavits to see if the judge was wrong. Once the High Court holds that there are triable issues of fact, it is best that the matter is left to proceed to the stage of case management and then on to its conclusion in the usual way. Indeed, this court is entitled to dismiss an appeal against an interlocutory order without hearing full argument unless some manifest injustice would ensue. An example of the exercise of this power is *SBJ Stephenson Limited v. Mandy* [1999] EWCA Civ 1720, where the English Court of Appeal dismissed an appeal against the grant of an interim injunction on the ground that it would be entirely pointless and indeed wrong for there to be a debate at the appellate stage as to whether the plaintiff in that case had a seriously arguable case justifying interim relief until trial. The court accepted that it would not be a correct use of the court's time or cost efficient to enter into the merits of the appeal. The same applies in our jurisdiction.

[2] But this is not an ordinary case. Here, there is no *bona fide* dispute about the facts. In fact much of the factual substratum forms common ground or is indisputable. Here then are the facts.

The appellant (plaintiff in the court below) asserts ownership of computer software programs created by its servants or agents in the United States of America. It also claims ownership over 6 trade marks, namely, "Microsoft" (in class 9 and 16), "Windows" (in class 16), its flag design, the word "Encarta" and its "Office Compatible" logo (both in class 9). The respondent was the third defendant in the court below. The first and second defendants are private limited companies. They are not before us. It is the appellant's case that it discovered a website http://members.xoom.com/ultmm offering unauthorised copies of its computer programs for sale. It then lodged a complaint with the Ministry of Domestic Trade and Consumer Affairs which led the Enforcement Division of the Ministry to conduct three raids on 19 August 2000. The first of these was at the first defendant's compact disc factory; the second at the first defendant's storage facility and the third at the second defendant's premises. In consequence of these raids, the following items were recovered from the possession of the first and second defendants:

(i) eleven stampers, each of which has the capacity to produce between 50,000 to 100,000 CD-ROMs. Of these, nine were found to contain the following computer programs belonging to the appellant:

(a) Microsoft Golf 2001

(b) Microsoft Money 2001 Standard

(c) Microsoft Windows Millennium Edition

(d) Microsoft Internet Explorer 3.02 Thai Version

(e) Memphis 1546

(f) Microsoft Visual Basic 6.0 Learning Edition

(g) Microsoft Internet Explorer 4.0

(h) Microsoft Front Page 2000

(i) Microsoft Windows NT

(j) Microsoft Internet Explorer 5.0

(k) Microsoft Windows 95

(l) Microsoft Windows 98

(m) Microsoft Windows CE Toolkit for Visual Basic

(n) Microsoft Office 95 Standard Edition – Arabic Version

(ii) thirty seven Gold Masters compact discs, each of which contained several of the appellant's computer programs. A Gold Master is a master disc from which stampers are produced.

(iii) two hundred and ninety CD-ROMs, each containing the appellant's computer programs.

(iv) nineteen Central Processing Units of which thirteen were found to contain the appellant's computer programs.

(v) nine silk screens bearing several of the appellant's registered trademarks.

(vi) a large number of CD-ROMs with label insertions bearing the appellant's trade marks "Windows" and/or "Microsoft".

(vii) a number of computer programs on CD-ROMs bearing several of the appellant's trade marks were seized.

(viii) numerous job sheets detailing the replication of large amounts of computer programs, including titles belonging to the appellant were seized. These job sheets meticulously detailed, *inter alia*, the titles replicated, quantities, completion dates and times, the format replicated, machine numbers and operators.

(ix) six copies of Production Replication Output Reports detailing the replication of large amounts of computer programs, including titles belonging to the appellant. The reports specified *inter alia* the date and time of replication, the quantity ordered, whether the CDs that were produced were "good or bad" and the names of the operators of the replication machines.

[3] The following additional items were also recovered from the premises of the first and second defendants:

(i) Eight other stampers carrying various titles of the appellant's computer programs;

(ii) Two Singulas Replication Machines; and

(iii) delivery orders for thousands of copies of various computer programs of the appellant.

A large catalogue comprising of numerous titles of the appellant's computer programs was recovered from the second defendant's premises.

[4] The appellant's case against the respondent (third defendant) is this. At the material time, that is to say when the raid took place at the second defendant's premises, a Proton Wira motorcar No JEP 4706 was found outside those premises. It was registered in the respondent's name. In that car were found 100 CD-ROMs bearing the title of the appellant's computer program "Office 2000 Corporate Edition SR-1 Edition". It was later ascertained that these disks did in fact contain the appellant's aforesaid computer program. The appellant also rests its case on the uncontradicted evidence establishing a close connection between the respondent and the second defendant in the action. The evidence comes in the form of documents recovered from the second defendant's premises. Let me cite a few examples. First, there is an invoice from a company known as Info-Search Services addressed to the respondent in which it is stated "Being sale of the following shelf company: Esteem Region Sdn Bhd", that is to say the second defendant in the court below. This confirms that it was the respondent who acquired the second defendant. Second, there is a quotation dated 18 July 2000 from a company known as KGP Advertising Sdn Bhd addressed to the respondent for printing more than 1000 pieces of CD covers. Third, there the copies of sales records for specific periods with the respondent's name appearing on them. Based on these pieces of evidence the appellant claimed injunctive relief on a summons for final judgment against the respondent.

[5] The respondent's answers to the appellant's summons are as follows. First, he denies that the appellant is the owner of the copyright of the intellectual property in question. He adds that the appellant has not proved its ownership. Second, that he did not infringe nor was he involved in any infringement of the appellant's intellectual property by the first and second defendants as he had no connection with either company. Third, that the appellant was guilty of delay in moving for summary judgment. Fourth, that a perpetual injunction ought not to be granted on a summons for judgment. Relying on the foregoing points as *bona fide* triable issues the respondent argued that he was entitled to unconditional leave to defend the action. The learned judge agreed with him and dismissed the appellant's summons. Let me take each of the respondent's answers in turn.

[6] As regards ownership of the copyright in the property in question, the appellant relies on s. 42 of the Copyright Act 1987 the relevant part of which provides as follows:

(1) An affidavit or statutory declaration made before any person having authority to administer oath by or on behalf of any person claiming to be:

(a) The owner of the copyright in any works eligible for copyright under this Act stating that:

(i) at the time specified therein copyright subsisted in such work;

(ii) he or the person named therein is the owner of the copyright; and

(iii) a copy of the work annexed thereto is the true copy thereof …

shall be admissible in evidence in any proceedings under this Act and shall be *prima facie* evidence of the facts contained therein.

In the present case, the appellant filed an affidavit which complies with s. 42(1) of the Copyright Act. The effect of that is to provide *prima facie* evidence of the fact of the appellant's ownership of the copyright over the several works in question. It was then for the respondent to offer positive evidence to displace the appellant's *prima facie* ownership, for example, by showing that some other person is the true owner of the claimed copyright. But that, as has already been seen, is not what the respondent did. As such no triable issue was raised before the learned judge as to ownership of the copyright over the relevant works. As for the trade mark claim, the appellant produced the relevant certificates of registration and their renewal. By virtue of ss. 36 and 37 of the Trade Marks Act 1976 the certificates of registration establish the appellant's ownership of the trade marks and it is for the respondent to rebut this. However, nowhere in his pleadings or written or other evidence has the respondent done this. It follows that there is no question of any doubt being cast upon the appellant's ownership of the trade marks in question.

[7] As for the second issue – that of the respondent's involvement – there is irrefutable documentary evidence showing that the respondent was involved with the first and second defendant companies in the making of stampers and other activity that was directed at the infringement of the appellant's copyright. I have already adverted to the evidence that shows the respondent's role *vis a vis* the second defendant. With regard to the first defendant, there is evidence that it was registered on

A 23 April 1996; that the respondent was appointed as on of its directors on 27 May 1999 and that all material times he held 195,000 shares in it. The respondent's answer is that he resigned as a director and disposed of all his shares in the first defendant on 1 September 2000 and as such has no connection whatsoever
B with the first defendant. But it is significant: (i) that the respondent attempted to distance himself from the first defendant only some two weeks after the raid upon the latter's premises; (ii) that his wife replaced him on the board of the first defendant; (iii) that he transferred his shareholding in the first defendant to his
C wife and (iv) that he divorced his wife a little while later. These acts of the respondent go to show the hollowness of the respondent's answer to the appellant's claim and lend support to the appellant's assertion that the respondent was the mastermind in acts of copyright piracy against the appellant's intellectual
D property.

[8] The third point raised by the respondent, namely, that the appellant had delayed in making its application for summary judgment. The relevant chronology is that the appellant delivered
E its statement of claim on 13 March 2001; it took out its summons for judgment on 15 June 2001, which is the date on which the respondent delivered his defence. So, the short answer is that there was no unreasonable delay. In any event, delay in moving for summary judgment is not a ground for refusing relief. In
F *Perkapalan Shamelin Jaya Sdn Bhd & Anor v. Alpine Bulk Transport New York* [1998] 1 CLJ 424 this court held that "delay can surely provide no answer to an application made under O. 14 where there are no *bona fide* triable issues."

G **[9]** The fourth ground of objection raised by the respondent – that a perpetual injunction ought not to be granted on a summons for judgment – is readily met by authority to the contrary. In *Shell-Mex and BP Ltd v. Manchester Garages Ltd* [1971] 1 All ER 841, Lord Denning MR took the view that a plaintiff
H could "go straight to the judge and ask for summary judgment under RSC O. 14 for an injunction …" Zakaria Yatim J (as he then was) acted on that authority in *Fabrique Ebel Societe Anonyme v. Sykt Perniagaan Tukang Jam City Port & Ors* [1989] 1 CLJ 919; [1989] 1 CLJ (Rep) 537 and in *Binariang Communications Sdn Bhd*
I *v. I & P Inderawasih Jaya Sdn Bhd* [2000] 3 CLJ 789, this court held that there was nothing in RHC O. 29 which prohibited the

grant of a final injunction on a summons for judgment. In my judgment, based on the foregoing decisions there is no merit in the fourth ground of resistance offered by the respondent to the appellant's summons.

[10] In the present instance the bare assertions made in his affidavit filed in opposition to the summons for judgment are insufficient to raise a triable issue warranting the grant of leave to defend. To quote Ackner LJ in *Banque de Paris et Des Pays-Bas (Suisse) SA v. Costa de Naray* [1984] 1 Lloyd's Rep 21:

> … the mere assertion in an affidavit of a given situation which is to be the basis of a defence does not, *ipso facto*, provide leave to defend; the court must look at the whole situation and ask itself whether the defendant has satisfied the court that there is a fair or reasonable probability of the defendant's having a real or *bona fide* defence.

[11] There is an added factor here. The respondent's assertions in his affidavit were contradicted by independent documentary evidence, demonstrating a want of *bona fides* in the points raised by him as constituting triable issues. These are matters which were plainly overlooked by the High Court when it dismissed the appellant's summons.

[12] For the reasons already given, this appeal was unanimously allowed and judgment entered against the respondent in terms of the appellant's summons.

[13] My learned brother Raus Sharif, JCA and my learned sister Zainun Ali, JCA have seen this judgment in draft and have expressed their agreement with it.